

<p>1 the job, and we needed professionals.</p> <p>2 And a small district like that</p> <p>3 does not have the financial wherewithal nor the</p> <p>4 scope and size to create and staff a department</p> <p>5 of the size and skill necessary to deliver</p> <p>6 services such as Net56 can offer.</p> <p>7 Q. Okay.</p> <p>8 A. Or a similar company if there are</p> <p>9 other companies out in the business as there are</p> <p>10 now.</p> <p>11 Q. Okay. Did --</p> <p>12 A. Sorry.</p> <p>13 Q. No, no. Did Net56 -- let me get</p> <p>14 this, and I think I just got this as your</p> <p>15 answer. I'm not being critical.</p> <p>16 A. Okay.</p> <p>17 Q. It sounds to me like you're saying</p> <p>18 that Net56 provided some significant value to</p> <p>19 Zion; is that true?</p> <p>20 A. Provided enormous value. Things</p> <p>21 worked very well up there. They worked out very</p> <p>22 well up until the end when we transferred. At</p> <p>23 the time of the transfer to Hartland, they had</p> <p>24 to rely on our expertise many times because they</p> <p style="text-align: right;">Page 129</p>	<p>1 knew at the time, but do you agree that any</p> <p>2 conclusions regarding the eligibility of Net56's</p> <p>3 services for E-Rate reimbursements is up to</p> <p>4 USAC?</p> <p>5 A. Yes.</p> <p>6 MR. BARTLETT: Let me go off the record</p> <p>7 for a second.</p> <p>8 (Whereupon, Exhibit 5 was marked</p> <p>9 for identification.)</p> <p>10 BY MR. BARTLETT:</p> <p>11 Q. You've been shown what's been marked</p> <p>12 as Deposition Exhibit No. 5. Can you read that</p> <p>13 to yourself for a moment and then let me know if</p> <p>14 you recognize what it is?</p> <p>15 A. Okay.</p> <p>16 Q. And what were you conveying in that</p> <p>17 e-mail -- well, first of all, is that an e-mail</p> <p>18 from you to Mr. Ficarelli?</p> <p>19 A. Yes, it is.</p> <p>20 Q. Okay. And what are you conveying to</p> <p>21 him in that e-mail?</p> <p>22 A. There had been a denial from USAC,</p> <p>23 and so the next step was Zion had to file an</p> <p>24 appeal with USAC on that denial. And you have a</p> <p style="text-align: right;">Page 131</p>
<p>1 didn't have the knowledge that we did in terms</p> <p>2 of our engineers.</p> <p>3 And if you look at the board</p> <p>4 minutes, it appears that Mr. Ahlgrim and Mr.</p> <p>5 DeMonte recommended that the district do an</p> <p>6 extension with us. At least that's how I read</p> <p>7 the minutes.</p> <p>8 Q. Do you believe -- now we're going</p> <p>9 back. I guess it's early '05, and you were in</p> <p>10 negotiations with Net56. Do you believe Net56</p> <p>11 misled you or misrepresented anything to you</p> <p>12 during the course of your negotiations for the</p> <p>13 2005 contract?</p> <p>14 A. No. They were very forthright, very</p> <p>15 upfront. The mistakes that were made were I</p> <p>16 think that the E-Rate consultant probably did</p> <p>17 not understand outsourcing.</p> <p>18 Certainly there was a disconnect</p> <p>19 on the reimbursement rate. I mean, everybody</p> <p>20 knows or thinks that Zion is, you know, dirt</p> <p>21 poor, but the fact is it wasn't as poor as it</p> <p>22 seemed to be.</p> <p>23 Q. Let me ask you this: Do you agree</p> <p>24 knowing what you know now and I guess what you</p> <p style="text-align: right;">Page 130</p>	<p>1 certain amount of time to do it. I don't know</p> <p>2 what that time period is, but it was coming up</p> <p>3 to that point in time. It was -- it loomed</p> <p>4 close.</p> <p>5 Q. Okay.</p> <p>6 A. So we were trying to give him a</p> <p>7 push, a notification to get that filed before</p> <p>8 USAC shut the door on that funding.</p> <p>9 Q. Okay.</p> <p>10 A. It's what I was told would happen at</p> <p>11 least.</p> <p>12 MR. BARTLETT: Those are all the questions</p> <p>13 I have.</p> <p>14 FURTHER EXAMINATION</p> <p>15 BY MR. KOLODZIEJ:</p> <p>16 Q. Do you know, in regards to Exhibit</p> <p>17 No. 5, did you send a letter like this to every</p> <p>18 school district or to their counsel in regards</p> <p>19 to the appeal deadline is coming up?</p> <p>20 A. Other districts cooperated. There</p> <p>21 wasn't a need to.</p> <p>22 Q. Okay. Those other districts did</p> <p>23 file appeals?</p> <p>24 A. To my knowledge, yes.</p> <p style="text-align: right;">Page 132</p>

<p>1 Q. And none of them were granted, were 2 they? 3 A. I have no knowledge whether they 4 were or not. 5 Q. Okay. Would you be surprised to 6 know that none of them were granted? That 7 doesn't surprise you, or it does? 8 A. I don't have an opinion. 9 Q. Okay. As far as the -- looking 10 there, you've got Exhibit 8 in front of you I 11 believe? 12 A. I'm sorry? 13 Q. Exhibit 8. It would have been 14 Spakowski Exhibit 8. 15 A. Yes. 16 Q. As far as that document is 17 concerned, on the A document -- I guess it would 18 have been the second page on there -- in the 19 second paragraph about midway through, it says, 20 Over time the district has the option to turn up 21 the capacity to as much as 100 megabytes. 22 Do you see that? 23 A. Um-hmm. 24 Q. And that's in regards to the</p> <p style="text-align: right;">Page 133</p>	<p>1 A. -- purchased, you could go anywhere 2 from -- I believe it started at 5 up to 100. 3 Then if you went above 100, you had to go to a 4 different circuit. 5 Q. Okay. So in regards to this, 6 though, this would have been through Ameritech, 7 this 100 megabyte Internet bandwidth? 8 A. SBC. 9 Q. SBC? 10 A. Well, back up. No. This was not 11 for Internet. This was for the network in the 12 district. This was in Zion. Separately it was 13 up to Net56 to provide a circuit up to Zion, as 14 I understand it, or however they did it. I 15 don't know. 16 Q. Okay. And that next sentence talks 17 about a gigabyte Ethernet to Palatine. The 18 Palatine location would be Net56's location in 19 Palatine? 20 A. Yes. 21 Q. Okay. 22 A. And that would be a gigabyte circuit 23 versus an Opteman circuit. 24 Q. In the first page of that document,</p> <p style="text-align: right;">Page 135</p>
<p>1 Internet bandwidth? 2 A. Yes. 3 Q. Okay. You did not indicate in that 4 document that there was any cost to that, true? 5 A. No. 6 Q. And you would have received that 7 information from Net56? 8 A. This information? 9 Q. Yeah, that over time the district 10 has the option to turn up the capacity to 100 11 megabytes. 12 A. No. It would have been Kathleen 13 Mackey from SBC. I did the WAN contract with 14 SBC. 15 Q. So Net56 had nothing to do with 16 that? 17 A. No. They wanted it, but I wouldn't 18 let them have it. I broke it apart. 19 Q. Do you know if at any point in time 20 the 100 megabyte bandwidth was -- whether it was 21 upgraded at any point? 22 A. I don't know. The circuit that 23 was -- 24 Q. Let me ask you this:</p> <p style="text-align: right;">Page 134</p>	<p>1 going back to that for a second -- 2 A. Okay. 3 Q. -- where you talk about -- where you 4 talk about the contract price which nets to 5 \$2,902.50 upon receipt of E-Rate funds. 6 Do you see that sentence? 7 A. I do. 8 Q. You didn't make any differentiation 9 there between P1 and P2, did you? 10 A. No. That's -- the whole line was 11 erroneous. 12 Q. But yet, you're talking about 13 Exhibit 15, and you were saying that the 14 important line item there in Exhibit 15, which 15 is the five-year IT comparison, that the 16 important line really is the P1 number, true? 17 A. Correct. 18 Q. You said that a few times. 19 A. Yes. And I stand by that. 20 Q. But you didn't make any 21 differentiation in this report to the district, 22 true? 23 A. I don't know how many times I have 24 to say I really screwed up, and this was a bad</p> <p style="text-align: right;">Page 136</p>

<p>1 mistake. I think I've said that five times.</p> <p>2 Q. Net56, when they came to you, a big</p> <p>3 part of their selling point was you could get</p> <p>4 E-Rate funding from them, true?</p> <p>5 A. It was a selling point. I think the</p> <p>6 biggest selling point to me was efficient and</p> <p>7 effective reliability because we lacked that.</p> <p>8 Q. Okay. You were able to -- because</p> <p>9 of E-Rate, you were able to get more -- in</p> <p>10 theory, you would be able to get more service,</p> <p>11 true?</p> <p>12 A. Right. It takes a more expensive</p> <p>13 solution, and it nets the cost down to where</p> <p>14 it's comparable.</p> <p>15 Q. Okay. And I'm sure that they</p> <p>16 explained that to you, true?</p> <p>17 A. Explained what?</p> <p>18 Q. What we just said, that you can</p> <p>19 afford more because of E-Rate.</p> <p>20 A. No, they didn't explain anything</p> <p>21 like that to me. That was my conclusion.</p> <p>22 Q. They didn't discuss E-Rate at all</p> <p>23 with you?</p> <p>24 A. Yes, they discussed E-Rate.</p> <p style="text-align: right;">Page 137</p>	<p>1 BY MR. KOLODZIEJ:</p> <p>2 Q. So I want to go back into a couple</p> <p>3 of issues with you if I can, and that's in</p> <p>4 regard to this E-Rate.</p> <p>5 Were you aware that when Net56</p> <p>6 came to you that your school district was the</p> <p>7 first district that they were going to work --</p> <p>8 that they were selling to you these services,</p> <p>9 these IT services, with the additional marketing</p> <p>10 point being you have E-Rate funds available to</p> <p>11 you?</p> <p>12 A. No, I don't have knowledge of that.</p> <p>13 Q. Okay. Would it be fair to state</p> <p>14 that when they came to you that they were making</p> <p>15 comments in regards to what -- what E-Rate funds</p> <p>16 would be available?</p> <p>17 A. They provided the projections, yes.</p> <p>18 Q. Okay. And do you know how -- in</p> <p>19 regards to those projections -- I'm sorry -- the</p> <p>20 90 percent number we've talked about, but in</p> <p>21 regards to the rest of it, those are numbers --</p> <p>22 the projections come down to however they</p> <p>23 figured it, right?</p> <p>24 A. The data inputs would have come from</p> <p style="text-align: right;">Page 139</p>
<p>1 Q. How did they discuss E-Rate with</p> <p>2 you? Explain to me how they discussed E-Rate.</p> <p>3 What did they say in regards to E-Rate?</p> <p>4 A. I can't recall the discussion, of</p> <p>5 course, but there probably would have been a</p> <p>6 conversation about priority 1 E-Ratable services</p> <p>7 such as Internet access, firewall, e-mail</p> <p>8 hosting, web hosting. That's probably it. Wide</p> <p>9 area network, but --</p> <p>10 Q. But you're guessing now, right? You</p> <p>11 don't remember?</p> <p>12 A. I'm trying to be honest and sincere</p> <p>13 here, but I can tell --</p> <p>14 Q. I want to know --</p> <p>15 A. Excuse me. You're interrupting.</p> <p>16 Q. I understand that.</p> <p>17 A. I don't have any recollection of</p> <p>18 most conversations I've had from several years</p> <p>19 ago.</p> <p>20 Q. Okay. You haven't had a</p> <p>21 recollection of any conversation you've had ever</p> <p>22 so far here today that we've discussed.</p> <p>23 MR. BARTLETT: Objection.</p> <p>24</p> <p style="text-align: right;">Page 138</p>	<p>1 us, the district, as far as our cost, as far as</p> <p>2 the E-Rate reimbursement percentage.</p> <p>3 Q. So in regards to like a document</p> <p>4 like Deposition Exhibit 15 from Bill Spakowski's</p> <p>5 deposition -- that was a document generated by</p> <p>6 Net56 -- was that a document that was also</p> <p>7 shared with various board members?</p> <p>8 A. I don't know.</p> <p>9 Q. You don't have any memory of that</p> <p>10 either?</p> <p>11 A. No.</p> <p>12 Q. In regards to Deposition Exhibit No.</p> <p>13 15, would you be surprised to know that Bill</p> <p>14 Spakowski testified today that the document is</p> <p>15 somewhat misleading?</p> <p>16 MR. BARTLETT: Objection.</p> <p>17 Mischaracterizes his testimony, but you can go</p> <p>18 ahead and answer. Actually, I don't know if</p> <p>19 there's a question. That's argumentative.</p> <p>20 MR. KOLODZIEJ: I don't know how it could</p> <p>21 be misstating the evidence because he said as</p> <p>22 much.</p> <p>23 MR. BARTLETT: He wasn't present at the</p> <p>24 deposition, Counsel. What do you want him to</p> <p style="text-align: right;">Page 140</p>

<p>1 say?</p> <p>2 MR. KOLODZIEJ: I understand that.</p> <p>3 BY MR. KOLODZIEJ:</p> <p>4 Q. So what do you think? Do you think</p> <p>5 that document, Deposition Exhibit 15, is</p> <p>6 misleading?</p> <p>7 A. No.</p> <p>8 Q. Not at all? Even with what you --</p> <p>9 let's say, looking at it through your 2005 eyes</p> <p>10 and what you know about E-Rate, was that</p> <p>11 document misleading?</p> <p>12 A. No.</p> <p>13 Q. It wasn't? You knew exactly what</p> <p>14 that document meant?</p> <p>15 A. I'm not saying I knew exactly what</p> <p>16 it meant. I said before, I think I termed</p> <p>17 myself as clueless with E-Rate.</p> <p>18 Q. So you were clueless with E-Rate?</p> <p>19 A. Um-hmm.</p> <p>20 Q. And so when you look at that</p> <p>21 document and you see numbers for priority 1</p> <p>22 reimbursement and priority 2 reimbursement, and</p> <p>23 then you reported to the board essentially that</p> <p>24 the reimbursement would apply to the entire</p> <p style="text-align: right;">Page 141</p>	<p>1 STATE OF ILLINOIS)</p> <p>2) SS:</p> <p>3 COUNTY OF LAKE)</p> <p>4 I, Shari L. Szerbat, CSR, RPR, do</p> <p>5 hereby certify that DONALD C. ROBINSON, on June</p> <p>6 29, 2011 was by me first duly sworn to testify</p> <p>7 to the truth, the whole truth and nothing but</p> <p>8 the truth, and the above deposition was recorded</p> <p>9 stenographically by me and transcribed by me.</p> <p>10 I FURTHER CERTIFY that the</p> <p>11 foregoing transcript of said deposition is a</p> <p>12 true, correct and complete transcript of the</p> <p>13 testimony given by the said witness at the time</p> <p>14 and place specified.</p> <p>15 I FURTHER CERTIFY that I am not a</p> <p>16 relative or employee or attorney or employee of</p> <p>17 such attorney or counsel or financially</p> <p>18 interested directly or indirectly in this</p> <p>19 action.</p> <p>20 IN WITNESS WHEREOF, I have set my</p> <p>21 hand.</p> <p>22 _____</p> <p>23 Shari L. Szerbat</p> <p>24 Certified Shorthand Reporter</p> <p>Certificate No. 084-003222</p> <p style="text-align: right;">Page 143</p>
<p>1 contract, right?</p> <p>2 A. I've said many times today I was</p> <p>3 mistaken when I said that. Yes, I said that.</p> <p>4 I've also stated today that I looked at net of</p> <p>5 P1 as the decision factor, not net of P2.</p> <p>6 Q. That's not what you reported to the</p> <p>7 board, though, right?</p> <p>8 A. I think what I reported to the board</p> <p>9 we've been over many times. It's this here.</p> <p>10 Q. Right. So what you looked at and</p> <p>11 what you reported to the board were two</p> <p>12 different things?</p> <p>13 A. We keep repeating ourselves here.</p> <p>14 Yes.</p> <p>15 MR. KOLODZIEJ: With the reservation in</p> <p>16 regards to the additional records that came up,</p> <p>17 I have no further questions.</p> <p>18 MR. BARTLETT: I think we are done. We</p> <p>19 will reserve signature.</p> <p>20 (Further Deponent Saith Not.)</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p style="text-align: right;">Page 142</p>	<p>1 RESERVED SIGNATURE</p> <p>2 REGARDING THE CASE OF ZION V. NET56, INC.</p> <p>3 THE DEPOSITION OF DONALD C. ROBINSON</p> <p>4 TAKEN ON JUNE 29, 2011</p> <p>5 Regarding the signature of the above-named</p> <p>6 witness, enclosed please find a signature page</p> <p>7 and an errata sheet.</p> <p>8 The witness should read the transcript of the</p> <p>9 deposition and note any change upon the errata</p> <p>10 sheet. The witness is allowed 28 days to do</p> <p>11 so. After 28 days the transcript may be used</p> <p>12 as though signed.</p> <p>13 After reading the transcript and noting any</p> <p>14 changes upon the errata sheet, the witness is</p> <p>15 required to sign the signature page. The</p> <p>16 signature page should be signed regardless of</p> <p>17 whether or not changes are noted.</p> <p>18 Please forward copies of the signature page and</p> <p>19 errata sheet to:</p> <p>20 VAHL REPORTING SERVICE, LTD.</p> <p>21 415 Washington Street</p> <p>22 Suite 216</p> <p>23 Waukegan, IL 60085</p> <p>24 Very Truly,</p> <p>Shari Szerbat, CSR, RPR</p> <p>cc: Attorneys of record</p> <p style="text-align: right;">Page 144</p>

<p>1 STATE OF ILLINOIS)) SS: 2 COUNTY OF L A K E) 3 4 5 I, _____ 6 do hereby certify that I have read the 7 foregoing transcript of my deposition 8 consisting of pages ____ through _____, 9 inclusive; and I find it is a true and 10 correct transcript of my deposition so 11 given as aforesaid. 12 13 _____ 14 DONALD C. ROBINSON 15 Deponent 16 SUBSCRIBED AND SWORN TO 17 before me this ____ day 18 of _____, A.D. 20____. 19 20 _____ 21 Notary Public 22 My commission expires: 23 24 _____</p> <p style="text-align: right;">Page 145</p>	<p>1 IN RE THE DEPOSITION OF DONALD C. ROBINSON taken on JUNE 29, 2011 2 3 PAGE LINE REASON AND CHANGE 4 _____ 5 _____ 6 _____ 7 _____ 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 _____ 16 _____ 17 _____ 18 _____ 19 _____ 20 _____ 21 _____ 22 _____ 23 _____ 24 _____</p> <p style="text-align: right;">Page 146</p>
--	--

TO: Rick Terhune
Asst Supt of Business Services
Zion Elementary School District 6

FROM: Don Robinson
Former Asst Supt of Business Services
Zion Elementary School District 6

RE: Net56, inc. Outsourcing Contract

DATE: April 27, 2009

I was asked to provide information regarding the 2005 selection and decision to outsource Zion ESD 6's technology to Net56, Inc.

Specifically, I will address the following issues:

1. *Who was involved in the evaluation of the bids and the selection of the winning bid? Please provide the names and titles of each individual involved and the role or responsibility they had as part of the evaluation and selection process.*

I was responsible for all business and operations, including technology, and led the process. The administrative decision-making body was the Superintendent's cabinet. The cabinet was kept apprised, received information as it became available, and deliberated on this and almost all other administrative recommendations. The cabinet consisted of the following individuals:

Dr. Constance Collins	Superintendent
Dr. Maurice Byrd	Asst Supt - Teaching & Learning
Dr. Mary Lamping	Asst Supt - Special Services
Don Robinson	Asst Supt - Business Services

Once the Net56 proposal was approved at the cabinet level, it was presented to the board of education. The board had also been kept apprised throughout the process. The Net56 outsourcing was part of a larger plan to improve technology within the district and create a sustainable and reliable infrastructure. There were three primary components in the plan: a new fiber-based voice and data network in place of the T1s, a new district-wide VoIP telephone system, and outsourced management and services to implement and sustain the new network infrastructure.

Related to my leading the evaluation of the bids and the selection process, my background included having worked many years as chief operating officer of a small commercial bank. In that role, I frequently made these types of evaluations, commitments, and purchases on behalf of the bank and other holding company subsidiaries. This included all technology decisions.

2. *Were there any other bids or proposals from vendors other than Net56?*

No. I inquired with other business managers and within IASBO (Illinois Association of School Business Officials), but could not identify any companies that could bid the entire project. I was unwilling to break the project into subparts with multiple vendors. I considered a "single source" solution to be the only viable option if we were to outsource. Also, given the



poor state of the district's technology, it appeared outsourcing was the only means of implementing effective technology practices in the district.

3. Please provide a copy of any outside or external review(s) of your outsourcing decision or ongoing evaluation of Net56 services.

I had many years' experience running an in-house bank datacenter, so although I did not have outsourcing experience, I was familiar and comfortable with the outsourcing concept. Also, I have advised companies throughout the years on outsourcing decisions and similar matters. Finally, I did have considerable experience outsourcing non-technology functions.

Net56's capabilities were vetted by two technology executives that I knew personally. My belief was that seasoned technology executives could provide the best and most rigorous assessment of Net56's capabilities, business practices, and contingency planning. I did not request written documentation from these parties; rather, they provided their reports by phone. Together, these two individuals gave me the confidence necessary to move forward with a recommendation for a multiyear contract with Net56.

The first individual was Mr. Bart Carlson. Mr. Carlson is founder, Chairman, and CEO of Napersoft, Inc. and numerous other ventures. Napersoft provides "on demand customer communications management" software to an international customer base. I have known Bart since the mid-1980s. Bart provided a very strong recommendation after meeting with Net56 management and visiting their offices.

The second individual was Mr. James Fanella. Mr. Fanella was back in the area after having very recently left his position as Sr. Vice President of Global Enterprise Solutions at Yahoo, Inc. In that role, Jim reported directly to the CEO and had worldwide responsibility for all Yahoo commercial products, or roughly 20% of Yahoo's revenues. I met Jim through Bart Carlson. Jim visited Net56 and also provided a very strong endorsement of their operations and capabilities.

4. Please begin thinking about why you chose Net56, why you found it attractive, and why it is the best solution for your district.

The school district was struggling on many fronts at the time. The community had been financially devastated by the closure of a nuclear power plant, eliminating almost 2/3 of the tax base that provided almost all of the district's local revenues. Upon arriving at the district in July 2003, I found much of the infrastructure to be worn out. There were T-1s running between buildings, but those lines suffered frequent outages. The phone system was archaic; as an example, I did not have speakerphone or conferencing capabilities. If I needed speakerphone, I placed my Nextel on the middle of a conference table. The district had spent more than \$50,000 on a network consultant, placing panic calls whenever the network went down. Staff were unhappy with the absence of reliability and responsiveness. Net56 "cold-called" me and I agreed to meet. I did not have any expectations, but felt it was worth hearing them out. Upon meeting with their salesperson, I saw an opportunity to use Net56's services as part of a larger plan to create the type of infrastructure I was used to in the private sector. Ultimately, the board of education approved a fiber network, a new phone system, and the Net56 outsourcing. The district was able to move from a broken and unreliable system to a robust and dependable infrastructure, all of which supports teaching and learning.

5. *Please provide details on your resources and staffing for both the year before you first selected Net56 and the year after. Be sure to remember any contracted support or help as well as employees. What were the individual responsibilities (before and after)?*

Staff prior to outsourcing included a coordinator of technology, a network manager, and two tech support staff. The district also had a history of bringing in companies to repair and maintain its systems. After the outsourcing, there was only a coordinator of technology, but this individual now spent half of his or her time on instructional matters, so there was a net decrease of 3.5 positions as they relate to maintaining the infrastructure. Also, the district no longer brought in other companies and consultants. Net56 was to provide one onsite person for tech support.

Web Hosting and E-mail Hosting Services Comparison

Zlon 6: 415 user accounts

Up-front Costs		Net56 Hosted	In-house Managed	Microsoft Hosted	123 Together Hosted
Total server hardware @ \$5,000 each		-	10,000	-	-
Total Microsoft Exchange software licensing		District Cost	41,911	-	-
Configuration labor cost		-	19,669	-	5,999
Total Up-front cost		-	71,580	-	5,999
Recurring Costs					
E-mail Hosting	5,000 per month	60,000	-	100,048	71,988
Web Hosting	5,000 per month	60,000	-	44,322	48,000
Infrastructure maintenance cost		-	23,956	-	-
E-mail	11,978				
Web	11,978				
Administration labor cost		-	65,914	-	-
E-mail	32,957				
Web	32,957				
Total Annual Recurring Cost		120,000	89,870	144,370	119,988
Total 3-year Recurring Cost		360,000	269,610	433,111	359,964
Total Cost for Three-year Period		360,000	341,190	433,111	365,963

Firewall Services Comparison

Zion 6 buildings: 7

Up-front Costs	Net56 Hosted	Secureicore	Safetynet	Teneo Group	Guard Dog
Initial Configuration	n/a	5,250	n/a	n/a	n/a
Other One-time Fees	n/a	-	n/a	n/a	n/a
Total Up-front cost	n/a	5,250	n/a	n/a	n/a
Recurring Costs					
Monthly Fee per Building	n/a	399	575	499	845
Annualized Monthly Fees	30,000	33,516	48,300	41,916	70,980
Recurring Annual Fees	n/a	-	13,993	-	-
Total Annual Recurring Cost	30,000	33,915	62,868	42,415	71,825
Total 3-year Recurring Cost	90,000	101,745	188,604	127,245	215,475
Total Cost for Three-year Period	90,000	106,995	188,604	127,245	215,475

Board Action Requested

To: Dr. Connie Collins, Board of Education

From: Don Robinson, Asst. Supt. for Business

Date: February 17, 2005

Requested Action: Approval/ratification of Net56, Inc. Outsourcing Contract

The crown jewel in the district's revised technology deployment is the outsourcing of the primary technology functions to a private firm, Net 56, Inc. The district's 90% E-rate funding level means the district's net cost for eligible and funded services is 10% of the billed cost. Outsourcing allows the district to convert non-eligible expenses to eligible expenses. This results in a remarkable cost savings to the district.

Net56 has provided outsourcing to Deerfield 109 for several years. Phil Hintz spoke with Deerfield staff, which has rave reviews for the company. Last year Net56 added Elgin U-4 as a client. There are others current client districts as well. Also, I had personal involvement in a thorough due diligence review of Net56 done two years ago by a former SVP from Yahoo, Inc. In addition, I had lengthy discussions three years ago with a CEO of multiple technology companies that did a similar due diligence at that time. Finally, Phil, Sergey, and I did an onsite visit earlier this week and walked away very, very impressed.

The contract has a base price of \$29,025 per month, which nets to \$2,902.50 upon receipt of E-Rate funds. For this amount, Net56 will provide WAN/Internet access, firewall, web hosting, e-mail (including accounts for all Central students if so desired), and all related hardware (switches, routers, and servers) and support. The support is included all the way to the desktop for 1,000 personal computers.

Recommended Motion: that the Board of Education approves the contract between Zion Elementary School District #6 and Net56, Inc.

Board Action Requested

To: Dr. Connie Collins, Board of Education

From: Don Robinson, Asst. Supt. for Business

Date: February 17, 2005

Requested Action: Approval/ratification of SBC contracts

The business and technology offices, with the assistance and guidance of consultant Jerry Steinberg, have redesigned and contracted a new district communications network to support enhanced current performance, future growth, and a new district-wide telephone system. The following contracts will replace the T-1 wide area network (WAN) between buildings with an underground fiber wide area network (WAN). There will also be a GbE line between Lakeview and Net56's offices in Palatine (ref. to request "B"). The district's data will travel over a much more robust and reliable network. Also, the district's new phone system will ride on this same network rather than overhead phone lines.

For comparison purposes, T-1's are normally rated at 1.544 Mbps where 1 Mbps equals one million bits (binary digits) per second. The fiber WAN will initially be "tuned up" to 15 Mbps, or ten times the throughput of our current T-1 WAN. Over time, the district has the option to turn up the capacity to as much as 100 Mbps. The GbE line to Palatine stands for Gigabit Ethernet, which is normally rated at 1,000 Mbps. Access from Net56 into the Internet will be through multiple providers at a significantly higher capacity. There are also contracts for more traditional access to SBC's central office that will facilitate the new phone system's operations and line redundancy. Finally, the E-Rate riders provide the district with an escape clause related to E-Rate funding. The district's "net cost" for all of these contracts is 10% of the quoted prices.

Recommended Motion: that the Board of Education approves the following voice and data communication contracts between Zion Elementary School District #6 and SBC Global Services:

- SMC Master Agreement
- Addendum to Master Agreement - Data Equipment and Services
- Voice Product Addendum to Master Agreement
- SBC ISDN Prime Service Agreement
- SBC DS1 Service Agreement
- OPT-E-MAN Service Agreement
- Addendum to OPT-E-MAN Agreement for Services and/or Products Subject to Universal Services ("E-Rate") Funding
- E-Rate Rider to the PRI Agreement

- E-Rate Rider to the OPR-E-MAN Agreement



Microsoft Network/Outsourcing
Solution
For
Zion Elementary School District 6
220 Bethesda Blvd
Zion, IL 60099
847-872-5455

Date, January 19th 2005

Net56, Inc.
1266 W. Northwest Highway, Suite 740
Palatine, IL 60067



Seagate.

Microsoft
CERTIFIED

Microsoft
Solution Provider

Microsoft

.net

Lucent Technologies
Bell Labs Innovations



CISCO SYSTEMS
RESILLER

3com

COMPAQ

Computer Associates

12: Jeff

TABLE OF CONTENTS

Contracting Parties.....	3
Net56 Background.....	3
Networking.....	3
What is Net56 Thin Client Technology.....	3
Professional Services.....	3
Application Development Services.....	3
Support Services.....	3
Facility Overview.....	4
Data Center Overview.....	4
Speed.....	4
Security.....	4
Redundancy.....	4
Architecture.....	4
System Support.....	5
Partnerships.....	5
Overview.....	5
Solution.....	5
Benefits.....	6
Scope of services.....	7
Active Directory.....	7
Exchange 2003.....	7
Thin Client.....	7
Microsoft Site License.....	8
Network Administrator.....	8
Help Desk.....	8
WAN Upgrade, Monitoring LAN/WAN Routers & Switches.....	8
Backup for All Servers.....	9
Antivirus for All Servers.....	9
Visio Drawing of Pilot Project.....	10
Project Methodology.....	10
Service Delivery.....	11
Assumptions and Customer Responsibilities for Service Delivery.....	11
Engagement Timetable.....	11
Term.....	12
Investment/Fees.....	12
Monthly Service Fee.....	12
Annual Software License Fee.....	12
Disclaimers.....	12
New IT Organization Chart.....	Appendix I
Solution/WAN Visio Drawing.....	Appendix II
Zion 5 Year Budget Comparison.....	Appendix III

Net56, Inc.
And
Zion School District 6
All Rights Reserved

The information in this proposal shall not be disclosed outside of the Zion School District 6 organization and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate the proposal, provided that if a contract is awarded to Net56, Inc. as a result of or in connection with the submission of this proposal, Zion School District 6 shall have the right to duplicate, use, or disclose the information to the extent provided by the contract. This restriction does not limit the right of Zion School District 6 to use information contained in the proposal if it is obtained from another source.

CONTRACTING PARTIES

This Statement of Work ("SOW") is between Zion School District 6 (hereinafter called "District"), with an address for purposes of this SOW at 2200 Bethesda Blvd., Zion, IL 60099, and Net56, Inc (hereinafter called "Net56"), with an address for purposes of this SOW at 1266 W. Northwest Highway, Suite 740, Palatine, Illinois 60067, is issued under the terms stated herein.

This SOW will remain in effect for thirty (30) days, is intended for Net56 and Zion School District 6 internal use, and cannot be reproduced by or for other parties without Net56's prior written approval.

NET56 BACKGROUND

Net56 has been providing technology development and consulting services solutions for the last 20 years, with a proven dedication to quality and to our clients. Our mission is to ensure our clients achieve improved performance in technology management, business processes, operations, information technology and communications. We work closely with our clients to create the right solutions that enhance efficiency, productivity and growth. Net56 offers a complete suite of information technology services including Networking, Professional Services, Application Development and Customer Service.

Networking

From network configuration, security and performance monitoring to firewall protection, wireless networks, LAN/WAN, application development and Thin Client Technology, Net56 offers a robust solution.

What is Net56 Thin Client Technology

Thin Client provides centralized management, optimized resource deployment and network integration of Windows applications hosting and deployment. This provides more control and flexibility in delivering Windows applications over a network, and makes desktop management more efficient and less complex, allowing users to access their data and applications anytime, anywhere. Net56 Thin Client improves performance, adds security and wide-area remote access and administration capabilities, and simplifies overall system management.

Professional Services

Net56 Professional Services include Consulting, Engineering and Management Services. Based on Net56's understanding of the client's need, we review all aspects of a client's current infrastructure and capabilities inclusive of hardware, system software, telecommunications, network design, firewall, backup, inventory and monitoring to identify and provide recommendations for improvement, cost savings areas and or redundancies in the current infrastructure, management and processes.

Application Development Services

Net56 not only offers complete Web solutions but emphasizes cost effective solutions making it possible to outsource IT development for a fraction of what it would cost to hire an in-house consultant. Unlike the myriad of Internet and web providers who are limited by their personnel expertise in only one or two areas, Net56 is different. The Net56 Web Team embraces a firm background in programming as well as an eye for layout and graphic design. Each member of the team has unique abilities and when combined, form a powerhouse of expertise that continues to address the unique challenges the web presents in areas of information mapping.

Support Services

Net56 clients have come to expect reliability, stability, security, cost reduction and complete management solutions from this veteran of the Information Technology industry. Our 20 years of networking, managed services and application development experience brings stability to a marketplace in flux. We have expanded network reliability, engineered break-through technology and developed ways to save money, typically 25%. We've listened to our

clients and continue to provide the consulting expertise and cutting edge technology needed to prevail in today's competitive business landscape.

Facility Overview

Net56 maintains offices at 1266 W. Northwest Highway, Suite 740, in Palatine, Illinois. Featuring a state-of-the-art climate controlled Data Center, technical support facilities, shipping & receiving and corporate offices, this facility is home to all of Net56's operations and personnel. The company chose this location in 1997 as its corporate headquarters for its high level of security and its proximity to the downtown Chicago area.

Data Center Overview

Net56's cutting-edge Data Center uses the latest technologies and redundant architecture to ensure the maximum level of Internet connectivity and the fastest speeds available to all our customers. This state-of-the-art facility was designed specifically to handle the needs of mission-critical applications and offers unrivaled speed, security, and data integrity. Employing a dual-fiber redundant backbone and precision climate control for maximum system performance, the Data Center serves as the home of all of Net56's hosting and technical operations, as well as a location for several clients' hardware and network structure.

Speed

Essential in today's Internet marketplace, both in terms of how fast a user connects to the Internet, and more importantly how fast you can get your site to that user. Net56 addresses the need for lightning-fast speed through the use of a dual-fiber gigabit backbone to connect us to the Internet. This gives Net56 the data-pushing power of over 700 T-1 lines! Not only does this high-speed line allow the transfer of large amounts of data in the shortest possible time, but it also supports the large amount of traffic our client-sites can generate.

Security

Net56 takes the security of its clients' sites seriously. That is why we have gone to great lengths to make sure that access to your critical files is limited to only those who have the right to view or edit them. Our redundant firewalls and high-security authentication procedures keep unauthorized users out, and our use of customer-specific security procedures keeps your data safe from prying eyes. Intruder detection at both the perimeter and network level, along with constant logging and monitoring, provides another layer of protection, making your site even more secure. Further, our data center is protected not only from electronic intrusion, but physical intrusion as well, employing video surveillance, keycard access limited to only essential personnel, and a compartmentalized structure that physically separates one client's data from the others. The end result is an airtight system that ensures both privacy and peace of mind.

Redundancy

Net56 stands by its pledge of providing its clients with 99% uptime. Net56 accomplishes this high level of service by employing backups for all our critical network components, and maintaining multiple connections to the Internet through a variety of carriers. If one carrier is shut down completely, there are always others ready to handle the increased workload. The result is one of the highest levels of guaranteed uptime in the industry.

Architecture

The Net56 Data Center provides the foundation for all of Net56's technical services. It has been built with reliability, stability, and security in mind, making it the perfect platform for any enterprise service or application. Highlights of this state-of-the-art network include:

- Dual-Fiber Redundant Gigabit Network Backbone
- 3Com and Cisco routing equipment
- Virtual Private Network and Secure Socket Layer encryption
- Redundant firewalls allowing enhanced security and access control
- Servers configured with a minimum of RAID I disk mirroring for better performance and data availability
- Server clustering for better performance and data availability

- Liebert NPower 100KVA battery backup UPS (Uninterruptible Power Supply) & a diesel-powered generator to prevent down-time caused by power outages.
- Exabyte tape backup with several Terabytes of capacity.
- Climate controlled environment for maximum system performance
- 24/7 Managed Operations Center
- Separate Maintenance Network for Backup and Administration
- Logging and monitoring capabilities
- Customizable, customer-specific security procedures

System Support

Net56 employs UniCenter from Computer Associates, a 24/7 network monitoring software, and a skilled staff of network professionals who are on call 24 hours a day, seven days a week to ensure that our network is in peak condition at all times. The integrity and availability of your data and services are given top priority. We employ daily backups of our entire network, with tape storage running on a constant basis to make sure that our network has the highest level of protection possible. Redundant, hot-swappable RAID drives allow us to perform high-level maintenance with absolutely no interruption in service. In addition to a second, fail-over production network, we also employ a separate, physical network for testing, administration, and backup purposes. All changes to the system are thoroughly tested on this network first, ensuring minimal downtime to the main system. Using this method, all authoring and administrative tasks are kept separate from your mission-critical hardware, data and services whenever possible.

Partnerships

Net56 has developed strategic partnerships with leading hardware manufacturers, software vendors, and other companies to bring solutions that enhance efficiency, productivity and growth. By leveraging our partnerships, we can provide the integrated solutions our customers require to maximize their return on technology investments and access professionals that share our passion for customer service.

OVERVIEW

Currently the District is running a Novell network in need of upgrading to meet the growing demands and growth of the District.

The District requires a flexible, secure, dependable and centralized network allowing students and employee's access to email, desktops, applications and data anywhere/anytime. Increased network availability and user productivity are key with maintenance, monitoring, and security provided 24 x 7 to relieve the District of the ever increasing burden of technology. The District will realize a robust remote network access and management, efficient information storage and retrieval, and integration.

SOLUTION

Net56 will provide a robust Microsoft network, management, monitoring and security for the Zion School District 6 serving approximately 3000 students and 350 faculty/Staff. Implementation of the Net56 Microsoft solution will provide a low-cost, scalable infrastructure that provides improved business and educational services as well as consolidation of the current environment.

Redundancy is also provided to prevent server failures from bringing down the network as business-critical services will automatically failover, without interruption.

Consolidated storage will be enabled in an affordable, easy-to-manage Storage Area Network.

Centralized storage will be replicated to a central data center where backup's and restores are quickly and easily implemented.

Management of all aspects of the network including management of identities and security access for students/staff and browser-based administration tools providing a global view of the network.

Monitoring, Security, Backups and Antivirus – All performed without interrupting network access.

BENEFITS

Cost Effective with Immediate Cost Savings

- Scalable infrastructure that is capable of growing to meet the future demands of the District and can be deployed district-wide
- Thin-client computing can save 30%-70% of your IT costs. Centralizing servers and server support staff leads directly to higher utilization levels. Simplified software deployment radically reduces rollout costs. Longer lifetimes of Windows terminals reduces capital expenditure. Reduced power consumption directly lowers energy costs, and indirectly lowers cooling requirements.
- Co-Sourcing with a Technology Solutions Provider saves the District from hiring and the costs and benefits associated with an full time employee
- Net56 is a eligible service provider therefore providing services for which applicants may seek E-rate discounts.

Improved Business

- With all business units connected: no more isolated information and information can be shared
- Improved communication and easy scheduling of meetings across the district with Outlook
- Information can be accessed anywhere, anytime within the District
- Applications and Information can be accesses outside the District through Thin Client
- Monitoring, Maintenance, Upgrades, Security is all done for the District – freeing technology staff to work on core business, projects and assist the teaching staff to integrate technology in the classroom
- With class server can deliver district-approved curriculum to teachers digitally, saving time and money

Enhanced Educational Services for Students and Staff

- Students & Teachers can access applications and information from home, library, anywhere!
- Teachers can do curriculum planning, grading, report cards, etc on line at home.
- Students get 25 megs of file storage – no more floppy disks, no more forgetting homework
- Virtual desktops make processing faster providing more time to teach in the classroom
- Microsoft Office Suite available to students and staff in or out of the district
- No more conflict between the home software version and the school software version
- Class server can deliver district-approved curriculum to teachers digitally, saving time and money
- Access on-line text books and library resources offered via Thin Client

Student Safety and Security

- Thin Client keeps students safe when accessing the internet from home as all inappropriate sites are unavailable

SCOPE OF SERVICES

This Statement of Work is not intended to cover any additional services except as detailed herein. The information contained in this section of the proposal is intended to provide an overview of the Infrastructure, Software, and Services. Implementation details will be defined as Net56 works with members of the District team to specify in the project plan. This engagement includes the following Infrastructure, Software and Services:

Active Directory

Allows the District to centrally manage and share information on network resources and users while acting as the central authority for network security, in addition to providing comprehensive directory services. Designed to be a consolidation point for isolating, migrating, centrally managing, and reducing the number of directories that the District requires.

- A much needed "Gate keeper" will be implemented to manage the District's current independent Microsoft Windows Servers, alleviating isolated access and retrieval ability
- Globally Access all District information

Exchange 2003

A messaging and collaboration server designed for more effective communication. Offers mobile, remote, and desktop e-mail access; security and lower cost of ownership; high reliability and outstanding performance; e-mail-based collaboration; and easy upgrading, deployment, and administration.

- Will support 350 Factuality/Staff and 600 Student Users
- Allows more flexible access as well as features and functionality
- Access in district via True Active Directory Outlook or Thin Client; Access out of district using Web Access via Web Outlook or Thin Client
- Provides for integration to other desk top applications
- Offers Outlook to keep track of the people, facilities, and equipment with group schedules. Outlook can be customized to make managing those schedules more efficient. You and your staff have continuous network connections through Microsoft Exchange Server or the Internet so you can view scheduled appointments and leave-time by setting up and using a group schedule

Thin Client

A low-cost computing device that accesses applications and and/or data from a central server over a network, working in a server-centric computing model. Server-centric computing is when your applications and data are hosted centrally on a server.

- Will support 350 Factuality/Staff and 600 Student Users
- Cost Effective from a hardware perspective when you need to replace a desktop
- More secure, more manageable, more affordable and more reliable than a client-server architecture where data and applications reside on PCs spread throughout the District
- Remote access from anywhere to all in-district applications
- Reduces your IT budget by moving from traditional PC computers to server-centric computing and thin clients in the District
- Expand to achieve a 2:1 student-to-computer ratio in the district without increasing technical staff or purchasing new equipment by extending the life of current desktops
- Improves student learning and centralized technology support

Microsoft School Site License

Complete Microsoft Licensing for 1,000 desktops.

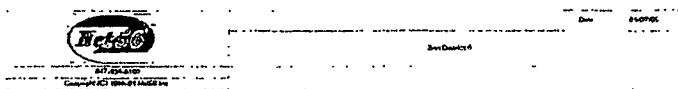
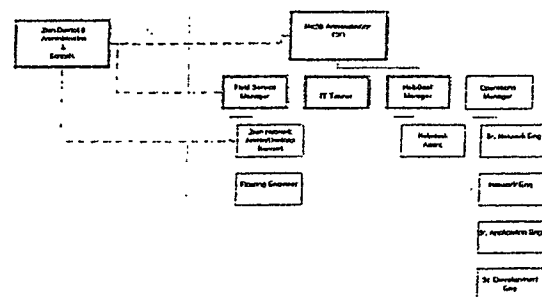
- Microsoft XP Professional
- Microsoft Office 2003
- Microsoft Network Core Cal's
- Microsoft Share point

Network Administrator/Desktop Support

Net56 will staff a full time on-site network administrator which is managed and supported by Net56, Inc. staff.

- CIO
- Field Service Management
- Network Engineers
- Application Engineers
- Training
- Project Management

Zion School District 6



(Appendix I)

Help Desk

Net56 will provide 7:30 am – 7:00 pm Help Desk Support for the District Factuality, Staff, Students as well as; ASP Server OS's and ASP Applications; i.e. Terminal Services, Net56 will:

- Provide assistance to Staff on complex hardware and operating system software.
- Escalate issues to the appropriate Net56 personnel based on priority and escalation procedures.
- Ensure all escalated issues are resolved in a timely manner and that the resolution is communicated.
- Perform necessary research and reporting on a regular basis and make recommendations regarding strategic changes to your organizations Help Desk Manager.
- Monitor workflow on a daily basis to ensure all issues are being resolved according to current Help Desk standards.
- Ensure proper follow-up on all issues.
- Be responsible for the adequate and ongoing training of the Net56 Tier 2 staff.

WAN Upgrade; Monitoring LAN/WAN Routers & Switches

Manage upgraded WAN, with routers and Telco which provides 14Mb circuit between schools, including a 100Mb circuit between Net56 and Zion School District 6. This also includes a guaranteed 4.5 Mb of Internet Access, burstable to 100Mb with no additional charge

Network Services will provide the District with Monitoring of the routers and switches including monitoring of the CPU Load on routers and switches as well as information of any performance issues based on standard industry metrics with respect to the above monitored items. Modification can be made to the metrics at your organizations request to satisfy any specific requirements.

Backup for All Servers

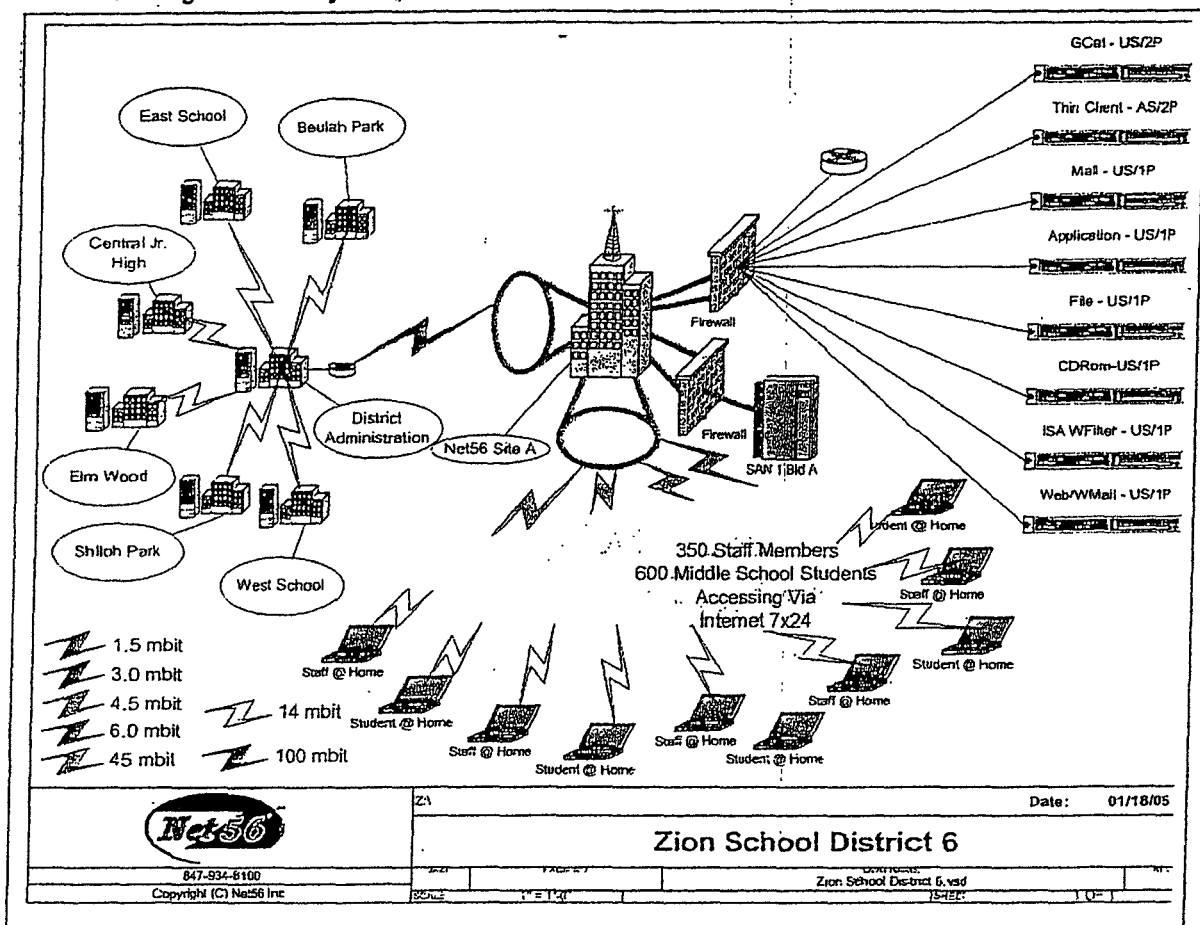
Timely backups are time consuming yet crucial for seamless operation of the school district. Net56 provides backup for all servers including SQL & Exchange Mailbox level. Backup devices are shared among all servers with centralized tape resources providing greater control over the backup and restore process. Net56 Network Services:

- Use tape and/or disk as storage devices
- Schedule different jobs at different times per pm
- Backups can span multiple tapes
- Provide more than one backup per tape
- Fingerprint each file as it is backed up
- Backup catalogs are retained within a database (SQL)
- Provide auto-changer support
- Offers undelete capacity on File Servers , (currently not an option for the District)

Antivirus for All Servers

Defending against the latest threats, including viruses, malicious mobile code and server and network attacks, Net56 antivirus protection elevates your current defensive security practices to proactively protect against today's and tomorrow's threats. It provides a comprehensive threat management solution by integrating protection across the entire IT fabric — servers, desktops, mobile devices, web, wired and wireless networks.

- Detects and automatically isolates attacks throughout the network
- Prevent further infection by containing threats
- Proactively prevents network threats and policy violations
- Extinguishes threats, allowing uninterrupted operations



Appendix II

Net56 Consulting employs a multiphase approach that requires regular interaction with our clients. The partnership and collaborative environment that we share with our clients is one of the critical success factors in our engagements. Net56 emphasizes careful project management and knowledge transfer to our clients through joint project management and other activities. Net56 Consulting's project approach focuses on managing and providing specific deliverables at milestone dates throughout the project's duration.

- **Discovery Phase**
- **Assessment Phase**
- **Design Phase**
- **Proof of Concept Phase**
- **Implementation Phase** -- The implementation phase of each service is utilized to pilot or deploy a certified and accepted design within the client network. There are three basic categories of implementations: pilots, partial deployments, and full deployments. Pilots integrate designs into a production environment to be used by a